

ANNUAL REPORT
OF
THE GOODYEAR TIRE & RUBBER
COMPANY OF CANADA, LIMITED

NEW TORONTO, ONTARIO

1937





STATISTICAL LIBRARY
FEB 15 1938
NOT TO BE TAKEN AWAY



The year just ended was the 22nd consecutive year in which the imprint of Goodyear Tires appeared more than any other on the highways of Canada.

ANNUAL REPORT

to the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

For the Fiscal Year ended December 31st, 1937

NEW TORONTO, ONTARIO

BOARD OF DIRECTORS

P. W. LITCHFIELD

Chairman
AKRON

A. G. PARTRIDGE
TORONTO

P. A. THOMSON
MONTREAL

C. H. CARLISLE
TORONTO

C. A. STILLMAN
AKRON

J. E. McALLISTER
TORONTO

C. SLUSSER
AKRON

EXECUTIVE and FINANCE COMMITTEE

C. H. CARLISLE

Chairman

P. W. LITCHFIELD

A. G. PARTRIDGE

R. C. BERKINSHAW

EXECUTIVE OFFICERS

A. G. PARTRIDGE

President

P. A. THOMSON
Vice-President

R. C. BERKINSHAW
General Manager
and Treasurer

O. H. BARRETT
Secretary
and General Counsel

D. C. CARLISLE
Comptroller

W. H. JEEVES
Assistant Treasurer

H. A. TIPPLE
Assistant Secretary and
Assistant Comptroller

J. W. PHILP
Assistant Treasurer

B. W. LANG
Assistant Comptroller

R. W. RICHARDS
General Sales Manager

E. H. KOKEN
General Superintendent

ANNUAL REPORT OF THE DIRECTORS

of

The Goodyear Tire & Rubber Company
of Canada, Limited

New Toronto, February 1st, 1938.

TO THE SHAREHOLDERS —

Your Board of Directors submits a Consolidated Balance Sheet of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED, and its subsidiary companies, with your auditors' report thereon, which sets forth the result of the operations for the year ended December 31st, 1937 and the present financial position of the combined companies.

The operations of the combined companies for the year have resulted in a profit of \$1,910,867.01 after charging all manufacturing, selling and administrative expenses, income and other taxes, but before providing for depreciation; from this amount there has been set aside a reserve of \$546,519.68 for depreciation of buildings and equipment, leaving a net profit of \$1,364,347.33. This amount of net profit represents a decrease of \$151,996.71 in comparison with the profits of the year 1936.

A comparison of the operations for 1937 with the previous year shows that whilst there was a satisfactory increase in the volume of sales, the year 1937 was marked by wide fluctuations in the market prices of rubber and cotton. For example, the market price of No. 1 Ribbed Smoked Sheets fluctuated between a high of 27c per pound to a low of 14c and 1-1/16 in. Middling cotton from a high of 17.75c per pound to a low of 9.69c. The market prices of these materials were low at the year-end and, accordingly, the decline has been provided for in valuing the year-end inventories and commitments on the companies' usual basis of cost or market, whichever was lower.

The net earnings for the year were equivalent to \$4.14 a share on the 257,260 shares of Common stock outstanding, which was slightly better than the earnings of \$4.12 in the year 1935, but less than the \$4.73 a share earned in 1936.

As in former years, the profits as shown by this Annual Report include the profits on the export business for the previous fiscal year of 1936 but, on the other hand, they do not include the accrued profits on export business for 1937 estimated at approximately \$250,000.00.

The following summary sets out the manner in which the profits for the year have been applied —

Consolidated net profits for the year.....		\$1,364,347.33
Add—Provision for depreciation.....		546,519.68
Profits before providing for depreciation..		<u>\$1,910,867.01</u>
Disposition of Funds		
Dividends on 5% Preferred stock.....	\$ 300,000.00	
Dividends on Common stock.....	1,286,300.00	\$1,586,300.00
Expended for additions to plant and equipment (net)		555,542.77
Increase in miscellaneous investments.....		93,431.34
Government Bonds, reserved for Preferred Stock Redemption Fund		
1936 Instalment	27,000.00	
1937 Instalment	60,000.00	87,000.00
Increase in deferred charges		1,569.06
		<u>2,323,843.17</u>
Deduct—Decrease in net current assets or working capital		412,976.16
Total as above.....		<u>\$1,910,867.01</u>

A provision of \$546,519.68 for accruing depreciation of buildings and equipment was made on the basis of the companies' usual rates and the accumulated reserve for depreciation now stands at \$7,612,389.86. After deducting these reserves, the net book value of the plants and buildings is only 38.4% of the gross book value of these assets and the manufacturing equipment of the rubber plants, including installation, stands on the books at a net value of 13.37% of the gross book value.

During the year 1937 we completed two large additions to our plant in Bowmanville and, besides the usual annual expenditures for additional and new machinery at the various plants, made a very considerable increase in the machinery investment at our St. Hyacinthe cotton mill. The capital expenditures at Bowmanville will enable us to handle our production there much more efficiently and at St. Hyacinthe will greatly increase the productivity of that plant.

Fully adequate reserves have been established to meet all probable losses in the realization of Accounts Receivable and provision has been made for all ascertained liabilities.

By referring to the Balance Sheet it will be noted that the companies had no bank indebtedness, that the cash on hand and call loans and Government Bonds aggregated \$2,631,394.32, also that the cash balance alone was \$1,093,577.32, which was substantially twice the total liabilities of \$547,346.68. In considering this satisfactory cash position, it is pointed out that the figures as shown are after paying all dividends declared during the year, which aggregated \$1,586,300.00 represented by 5% or \$300,000.00 on the Preferred stock and the usual dividends on 257,260 shares of Common stock amounting to \$2.50 a share plus the extra dividend of \$2.50 a share declared and paid in January 1937.

The total current assets amount to \$9,615,255.71 compared with current liabilities of \$547,346.68, or a ratio of over seventeen to one.

The total amount of all taxes paid or to be paid by or through your companies during the year 1937 amounted to \$1,216,278.32 in comparison with \$1,119,378.32 paid in 1936.

Just now, when taxation and tariffs are so much under consideration, it is timely to draw attention to the value of the automotive industries to this Country. These industries, as well as all other secondary industries in Canada, have been developed under a very definite National Protective Policy over the past fifty years. These secondary industries are an integral part of our economic structure and responsible for a large share of employment, investment, capital equipment, production and taxation. The greatest care should be observed by our Government representatives to preserve these established assets, to retain them in Canada and to improve their position so that they may be made even more valuable to the people of this Country.

At present, when there is so much uncertainty in world-wide conditions which may affect general business, it is difficult, if not impossible, to make a dependable forecast of the activities or results for the year 1938. However, your Companies have sufficient strength in all phases to satisfactorily deal with problems and conditions as they arise.

The cooperation of our stockholders and the members of our entire organization has been continued and is much appreciated.

A. G. PARTRIDGE,
President.

On behalf of the Board.

THE GOODYEAR TIRE & RUBBER

and SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT AND WORKING ASSETS:

Cash	\$1,093,577.32	
Call loans and Government bonds at cost or market whichever is lower	1,537,817.00	\$2,631,394.32
Accounts receivable	\$2,516,356.10	
Less—Reserve for bad and doubtful accounts	232,613.34	2,283,742.76
Inventories at cost or market, whichever is lower:		
Finished goods	\$1,944,078.30	
Goods in process	370,442.00	
Raw materials and supplies	2,385,598.33	4,700,118.63
		\$ 9,615,255.71

MISCELLANEOUS INVESTMENTS:

Stocks, bonds and mortgages	187,105.40
-----------------------------	------------

PREFERRED STOCK REDEMPTION FUND:

Government Bonds	87,000.00
------------------	-----------

REAL ESTATE, BUILDINGS, PLANT, MACHINERY AND EQUIPMENT:

12,760,152.69

DEFERRED CHARGES TO OPERATIONS:

Insurance, taxes and rents paid in advance	56,923.90
--	-----------

\$22,706,437.70

COMPANY OF CANADA, LIMITED

COMPANIES

DECEMBER 31, 1937

LIABILITIES

CURRENT LIABILITIES:

Current accounts payable	\$ 198,060.44	
Reserve for income and other taxes	<u>349,286.24</u>	\$ 547,346.68

RESERVES:

For depreciation of buildings, plant, machinery and equipment:	7,612,389.86	
For raw material commitments	<u>146,162.65</u>	7,758,552.51

CAPITAL STOCK:

Five percent Cumulative Redeemable Preferred Stock:

Authorized—

160,000 shares of \$50.00 each	<u>\$8,000,000.00</u>	
--------------------------------	-----------------------	--

Issued and fully paid—

120,000 shares of \$50.00 each		6,000,000.00
--------------------------------	--	--------------

Common Stock:

Authorized—

290,660 shares of no par value of which

257,260 shares have been issued

\$ 128,630.00

Capital Surplus

463,068.00

591,698.00

SURPLUS:

Balance as at January 1, 1937	\$8,030,793.18	
-------------------------------	----------------	--

Profit for the year ending December 31, 1937, before providing for depreciation, but

after deducting income tax \$1,910,867.01

Less—Reserve for depreciation 546,519.68 1,364,347.33

\$9,395,140.51


Deduct—Dividends:

On five percent Preferred Stock \$ 300,000.00

On no par value Common Stock 1,286,300.00 1,586,300.00

7,808,840.51

\$22,706,437.70



PRICE, WATERHOUSE & CO.

Chartered Accountants

ROYAL BANK BUILDING

TORONTO, CANADA

January 31, 1938.

To the Shareholders of


THE GOODYEAR TIRE AND RUBBER COMPANY
OF CANADA, LIMITED:

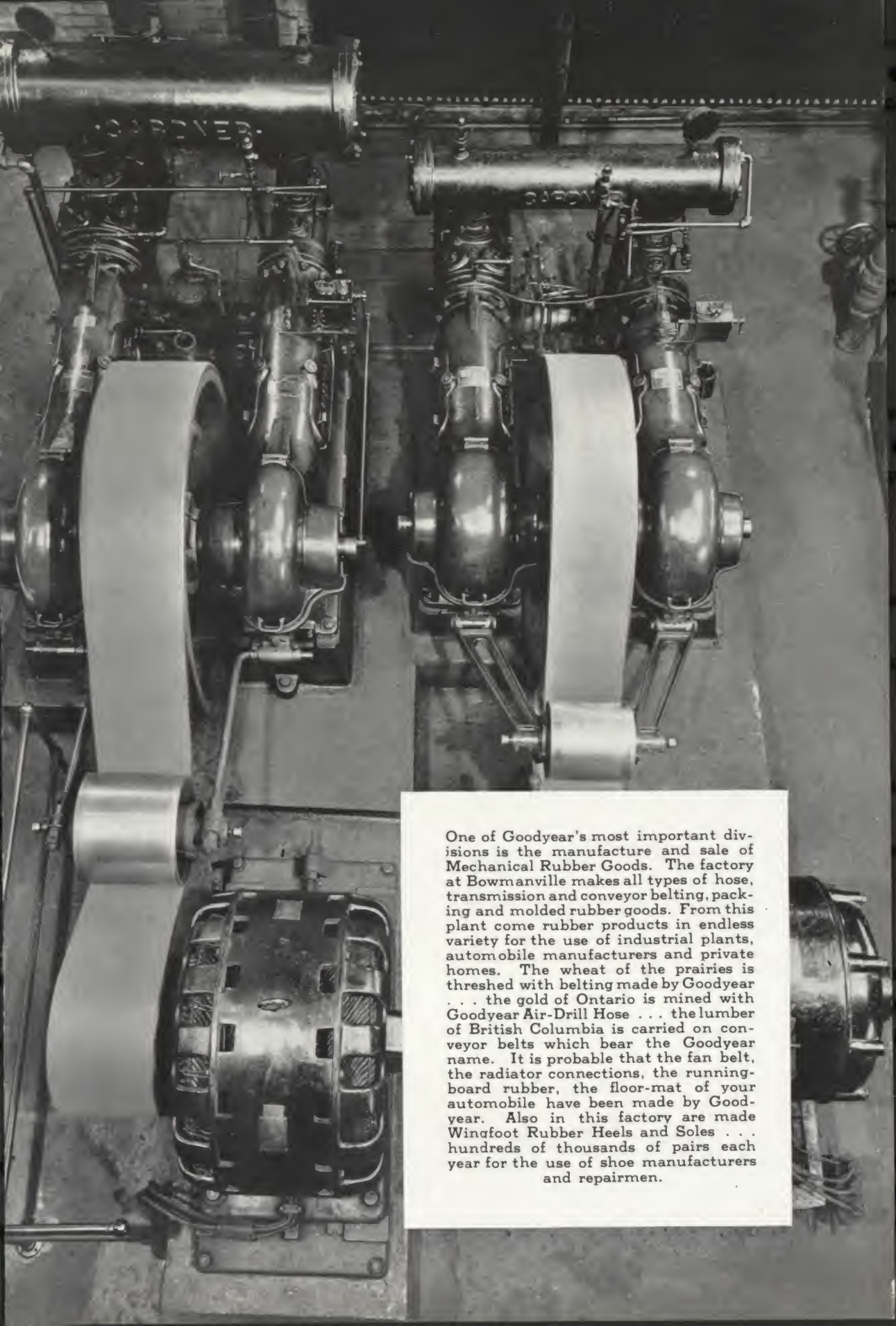
We have made an examination of the consolidated balance sheet of The Goodyear Tire and Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1937. In connection therewith, we examined or tested accounting records and other supporting evidence, and obtained all the information and explanations which we required; we also made a general review of the accounting methods and of the operating and income accounts for the year, but our audit of the detailed transactions was confined to limited tests thereof.

We satisfied ourselves that all charges to Property Accounts are in respect of actual additions, and sufficient provision has been made for accruing depreciation. The stocks on hand or contracted for have been taken and valued by the Companies at cost or market prices, whichever were lower; the bad debt reserve is considered sufficient to provide for all doubtful accounts; the bank balances and call loans were confirmed by certificates, and we have taken all reasonable precautions to satisfy ourselves that all liabilities as at December 31, 1937 are included in the Balance Sheet.

In our opinion, based upon such examination, the annexed consolidated balance sheet is drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at December 31, 1937, and the results from the operations for the year ending on that date, according to the best of our information and the explanations given to us, and as shown by the books of the companies.

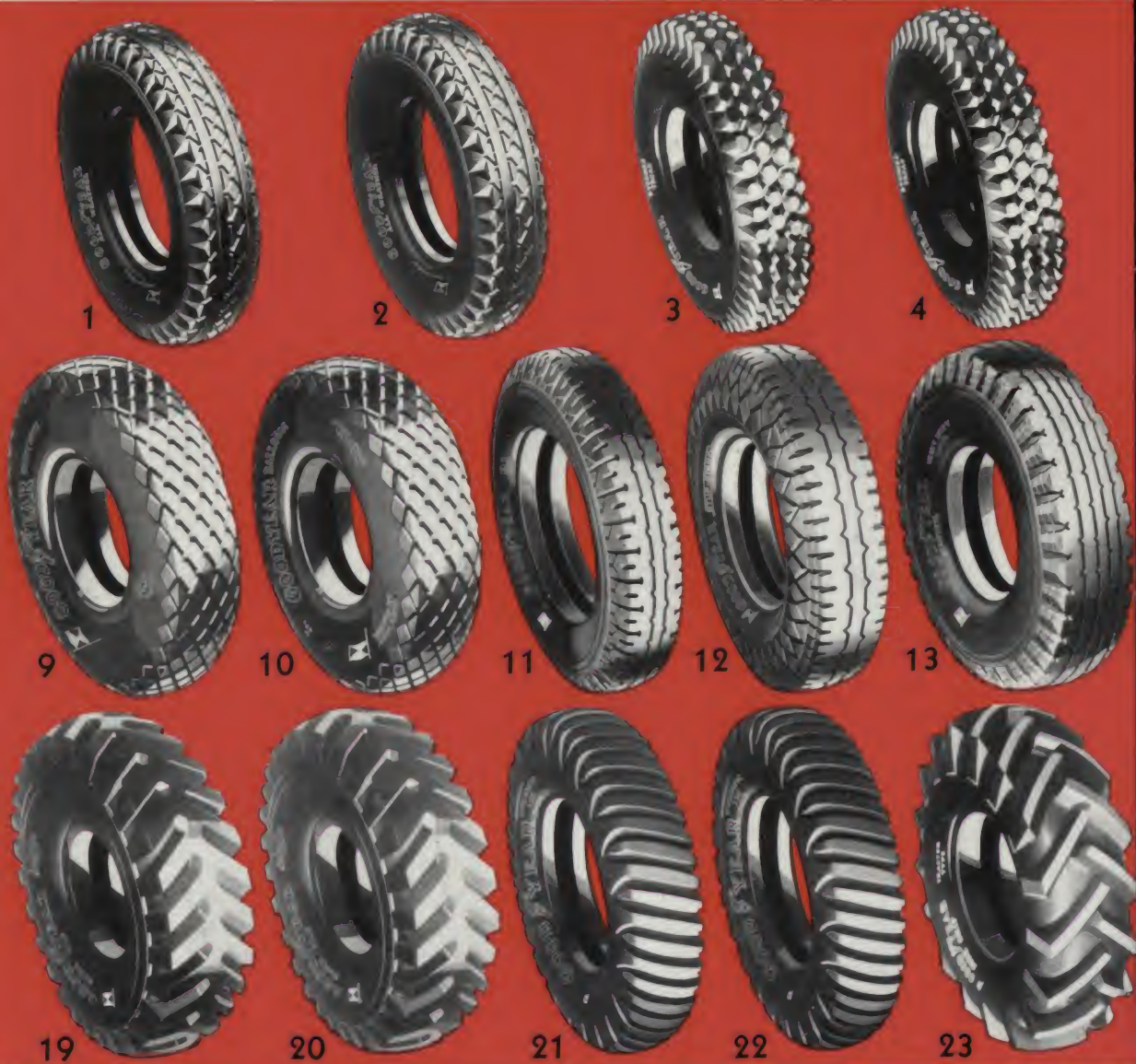
PRICE, WATERHOUSE & CO.,
Chartered Accountants.





One of Goodyear's most important divisions is the manufacture and sale of Mechanical Rubber Goods. The factory at Bowmanville makes all types of hose, transmission and conveyor belting, packing and molded rubber goods. From this plant come rubber products in endless variety for the use of industrial plants, automobile manufacturers and private homes. The wheat of the prairies is threshed with belting made by Goodyear . . . the gold of Ontario is mined with Goodyear Air-Drill Hose . . . the lumber of British Columbia is carried on conveyor belts which bear the Goodyear name. It is probable that the fan belt, the radiator connections, the running-board rubber, the floor-mat of your automobile have been made by Goodyear. Also in this factory are made Wingfoot Rubber Heels and Soles . . . hundreds of thousands of pairs each year for the use of shoe manufacturers and repairmen.

THE MOST COMPLETE LINE OF TIRES CARS.. 21 FOR COMMERCIAL



1 G-3 All-Weather Tread Heavy Duty Auto Tire. Six full-width plies of Supertwist Cord topped with a tough, thick All-Weather Tread. The maximum in traction and grip. The finest tire for passenger service.

2 G-3 All-Weather Tread Standard Auto Tire. Identical with the Heavy Duty All-Weather except that this tire has four plies of Supertwist Cord. The same tough, keen-edged full traction tread.

3 Heavy Duty Studded Tread for Cars. A 6-ply Supertwist Tire with a tread of revolutionary design for winter driving and back-road service. Superlative traction. No price premium.

4 Standard Studded Tread for Cars. Built with four plies of genuine Supertwist and with the now-famous Studded design tread. A great tire for snow, mud, gumbo and "off-the-road" service.

5 R-1 All-Weather Tread Heavy Duty Auto Tire. A new, improved medium-priced tire, with a handsome, streamlined appearance, full All-Weather tread, and six full-width plies of resilient Supertwist Cord.

6 R-1 All-Weather Tread Standard Auto Tire. A sturdy, long-mileage tire, with full All-Weather tread, smart appearance, and four full plies of Supertwist.

7 Speedway Heavy Duty for Automobiles. A genuine 6-ply tire of Supertwist for the man who wants heavy duty protection and mileage at an amazingly low price.

8 Speedway Standard for Automobiles. An extremely low-priced 4-ply Supertwist tire with a tough tread. Guaranteed—as are all Goodyears—against road hazards and defects.

9 YKL Rayotwist Tire for Trucks and Buses. A revolutionary new Goodyear development, built with the exclusive Rayotwist Cord construction to resist heat. A premium-priced tire that is another fine example of Goodyear leadership.

10 G-3 All-Weather Tread Truck-Bus Balloon. A real All-Weather Tire with broad tread and a flexible Supertwist body that absorbs road-shocks and cushions the load and truck. A long-mileage tire built for high-speed service.

11 R-1 for Trucks. A new, improved, low-priced truck tire, in balloon and high-pressure sizes. A sturdy tire built with Supertwist Cord construction, designed for operators who want long mileage plus low first cost.

12 The Stop-Start Tire. A special Goodyear Truck Tire for use on delivery trucks which are constantly

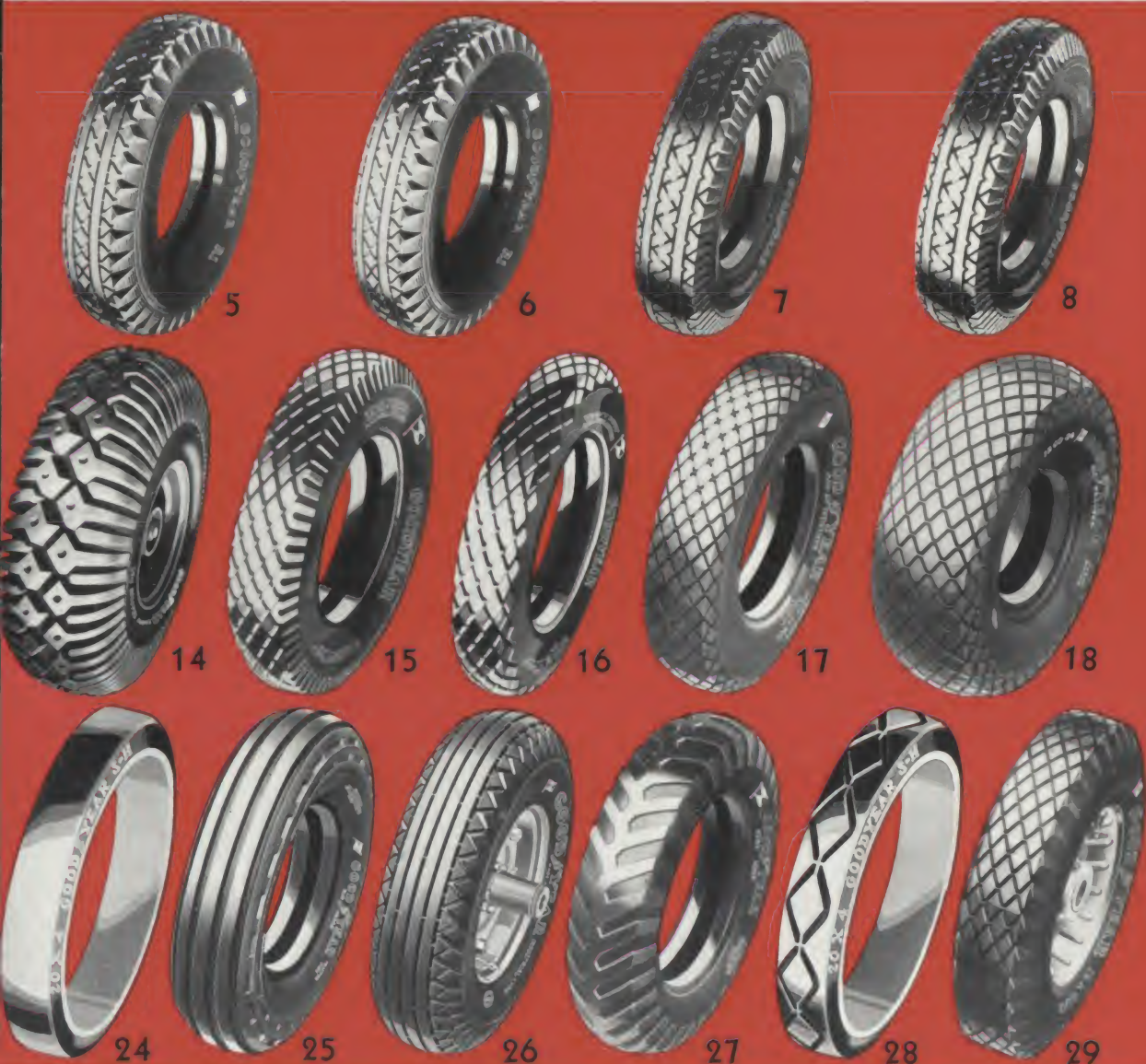
starting and stopping. Extra thick tread gives extremely long mileage. Body of trouble-free Supertwist Cords. Particularly recommended for average speed service

13 Heavy Duty Truck Airwheel. A rugged tire built especially for light delivery trucks. Features a wide, flat tread, extra strength on the side-walls, and strong Supertwist Cord construction for maximum service on light trucks. Another Goodyear "first".

14 All-Traction Farm Tractor Tire. A real All-Traction Tire for farm tractors. For use on light soil conditions where good traction is necessary. Saves fuel, reduces repair bills, works faster, gives better grip and provides more comfort for operator.

15 All-Weather Tread Dump Truck Tire. A high-pressure tire, made for construction trucks and others

IN CANADA . . 8 TIRES FOR PASSENGER AND FARM VEHICLES



which drive through excavations, quarries, sand pits, etc. Traction on the sides as well as on the tread.

16 G-3 All-Weather Tread High Pressure Truck Tire. A maximum traction tire, designed for high-speed operations on trucks where balloon tires cannot be applied through lack of clearance, or for use on smaller trucks where excessive loads are carried.

17 Type H All-Weather Truck-Bus Balloon. A slight variation of the All-Weather Tread, with the diamonds buttressed at the base with submerged rubber ribs. Wears down slowly, and gives maximum mileage and service.

18 All-Weather Heavy Duty Earth Mover Tire. New-style, shallow tread tire built for use on heavy road-building machinery. Wide, flat All-

Weather Tread gives maximum traction and protection against side-slipping.

19 Sure-Grip Tractor-Grader Balloon. For use on tractors and graders, as an alternate to the lug design, this tire has a heavy, extra-traction tread built for extra-grip.

20 Sure-Grip Tractor-Grader low Pressure. A new development in tires for tractors and graders, giving extreme traction and greater cushioning by reason of the low pressure at which it operates.

21 The Lug-Type Balloon Truck Tire. The heavy, diagonal bars of this extra-traction tire bite into snow and mud and give trucks extra grip. Smooth riding, long wearing—this tire has another feature in that it is self-cleaning, assuring traction at all times.

22 Lug-Type High-Pressure Truck Tire. Has the same fine features of the Lug-Type Balloon. Designed for use on trucks where clearance is necessary, or for smaller trucks where excessive loads are carried.

23 Sure-Grip Farm Tractor Tire. Companion to the All-Traction Farm Tractor Tire—and built for use on farm lands where mud and heavy soil conditions must be overcome. Another new Goodyear development.

24 Smooth Industrial Solid. For use on industrial trucks and trailers where traction is not required. Built with a long-wearing, solid-tire compound.

25 Rib Tread Farm Tractor Tire. For use on the front wheels of farm tractors. Heavy rib design assures long wear and maximum resistance to side-slip.

26 Rib Tread Wheelbarrow Tire. Provides maximum cushioning, quiet easy rolling, and protects floors, lawns, etc. from damage. Now finding considerable favour for use on wheelbarrows on coal delivery work, in parks and many other operations.

27 Rolling Farm Implement Tire. Cushions farm implements from severe shocks, prolongs their life and cuts down repair bills. Designed to avoid side-slip on side-land operations.

28 All-Weather Industrial Solid. For factory and warehouse trucks, where a solid tire is required and traction is necessary. Gives maximum cushioning for this type of tire.

29 All-Weather Pneumatic Industrial. For electric factory and warehouse trucks. Gives long mileage, quiet operation, economy and cushioning. Goodyear also makes pneumatic tires for other industrial uses.

GOODYEAR FACTORIES



New Toronto
Ontario

Head office and plant, where automobile and truck tires, accessories and cement are manufactured. Floor space 18.5 acres.



Bowmanville
Ontario

Mechanical goods plant, where belting, hose, soles, heels, mats and moulded goods are manufactured. Floor space 5 acres.



St. Hyacinthe
Quebec

Cotton mill, where the famous "Supertwist Cord" used exclusively in Goodyear Tires is manufactured. Floor space 9.1 acres.

The Goodyear Tire & Rubber Company of Canada, Limited

General Offices: NEW TORONTO, ONT.

Factories: { NEW TORONTO, ONT.
 { BOWMANVILLE, ONT.

Cotton Plant: ST. HYACINTHE, QUE.

BRANCHES

ST. JOHN, N.B.	83 Prince William St.
QUEBEC, QUE.	Cor. Crown and Fleury Sts.
MONTREAL, QUE.	679 St. James St. W.
TORONTO, ONT.	204 Richmond St. W.
LONDON, ONT.	539 Richmond St.
WINDSOR, ONT.	444 Hanna St., E.
WINNIPEG, MAN.	97 Higgins Ave.
REGINA, SASK.	Cor. Broad St. and 6th Ave.
SASKATOON, SASK.	Cor. 24th St. and Pacific Ave.
CALGARY, ALTA.	537—8th Ave. West
VANCOUVER, B.C.	Cor. Nelson and Hamilton Sts.

WHOLESALE DISTRIBUTORS

Sydney, N. S.	Cape Breton Battery & Vulcanizing Co.	416 George St.
Halifax, N. S.	Maritime Accessories Limited	16 Argyle St.
Victoria, B. C.	B. R. Ciceri & Co.	847 Yates St.

WHOLESALE WAREHOUSES

Truro, N. S.	Colchester Motor Sales	Willow Street
Yarmouth, N. S.	Motor Mart Ltd.	Main Street
Charlottetown, P. E. I.	A. Horne & Co. (Central Garage)	Kent Street
Moncton, N. B.	Sumner Tire Service	635 Main Street
Ottawa, Ont.	G. H. Frisby	86 Lyon Street
Kingston, Ont.	Van Luven Bros.	34-38 Princess Street
Owen Sound, Ont.	Albert Jackman	179—2nd Avenue
North Bay, Ont.	White Bros.	99 Main Street E.
Noranda, Que.	The Geo. Taylor Hardware Ltd.	D— Avenue
Timmins, Ont.	Marshall-Ecclestone Ltd.	16 Pine Street S.
Hamilton, Ont.	A. F. Dell	Cor. York and Bay Sts.
Kitchener, Ont.	M. Berg	324 King Street E.
Chatham, Ont.	Murray Tire & Battery Service	42—4th Street
Port Arthur, Ont.	J. A. Nicholson	271 Bay Street
Brandon, Man.	Kerr's Limited	Cor. 12th & Princess Sts.
Yorkton, Sask.	Ted's Tire Shop	44 Broadway St. E.
North Battleford, Sask.	Northern Auto Parts	1202 Edward Street
Prince Albert, Sask.	Grosser & Glass Ltd.	29-31 Twelfth St. W.
Swift Current, Sask.	Standard Motors Ltd.	Cheadle and 1st Street, W.
Edmonton, Alta.	Taylor & Pearson Ltd.	10215—103rd Street
Grande Prairie, Alta.	Grande Prairie Garage Co.	Second Street
Lethbridge, Alta.	H. R. Carson Ltd.	316—7th Street S.
Nelson, B. C.	Nelson Transfer Co. Ltd.	323 Vernon Street
Vernon, B. C.	Interior Motors Ltd.	Cor. Wetham & Tronson Sts.





GOODYEAR